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SIPDIS

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STATE FOR EAP/CM
STATE FOR EB/TRA/OTP DAYTON/MILLER
STATE FOR ISN LEHRMAN/INGRAM
STATE FOR EAP/EX CHRISTENSEN
DOE/NNSA FOR HUIZENGA/MUSTIN
DHS/CBP FOR FUJIMORA

E.O. 12958: N/A
TAGS: [ECON](#) [EWWT](#) [HK](#) [PREL](#)
SUBJECT: CG CUNNINGHAM DISCUSSES U.S. PORT SECURITY
LEGISLATION WITH CITB SECRETARY WONG

REF: HONG KONG 2650

- ¶1. (U) This is an action cable, please see paragraph 6.
- ¶2. (SBU) In an October 18 meeting, Consul General James Cunningham informed Secretary of Commerce, Industry and Technology Joseph Wong that on October 13 President Bush signed into law Port Security Legislation that requires the Department of Homeland Security (DHS) to designate within ninety days three foreign seaports for the establishment of pilot integrated container scanning systems along the lines Hong Kong terminal operators have been experimenting with. The legislation requires DHS, in conjunction with the Department of Energy (DOE), to deploy integrated container scanning systems that combine non-intrusive imaging equipment and radiation detection equipment in three ports with differing levels of trade volume. The CG noted that two Hong Kong Port Terminal Operators, Hutchison International and Modern Terminals, had already deployed and conducted tests of a private-sector developed integrated scanning system, the Integrated Container Inspection System (ICIS).
- ¶3. (SBU) The CG told Wong that Washington agencies had not yet decided whether Hong Kong would be designated as one of the three pilot projects; however, the U.S. government was continuing to work in Hong Kong to resolve outstanding issues, focusing on Modern Terminal's pilot ICIS project. One issue is the large amount of background radiation the ICIS radiation monitoring equipment is detecting. A DHS Technical Team that studied this phenomenon concluded that the background radiation is likely attributable to the granite used in the terminal's concrete surfaces. A second issue is the ICIS system's current inability to electronically transmit usable images and data to the Container Security Initiative personnel both at the Hong Kong Port and in the United States. Presently, telecommunications cables are being installed between Modern Terminal and the U.S. CSI office in Hong Kong to allow for the electronic transfer of this data. He told Wong that another DHS team would be visiting Hong Kong this week to review the Modern Terminal Project.
- ¶4. (SBU) Wong assured the CG that Hong Kong remains committed to playing a constructive, cooperative role in ensuring that trade into and out of Hong Kong is safe and

secure. Wong noted that the Port Security Legislation included a provision for possible preferential treatment at U.S. ports of cargo loaded at CSI-participating ports. This would be important, and Hong Kong authorities have made clear their hope that the U.S. government would recognize Hong Kong's security efforts and offer preferred treatment over goods from seaports not utilizing the integrated security scanning measures. The CG said that Hong Kong views on this point were clear, and noted the conceptual nature of this portion of the Legislation and that details were not yet available.

15. (SBU) Wong told the CG that the Hong Kong Government is open to making Hong Kong one of DHS's three designated integrated scanning system pilot sites. While the private sector currently operates Hong Kong's ICIS pilot project, Wong strongly suggested that it is time for formal Hong Kong and U.S. government involvement. He requested that the U.S. government provide information, briefings and technical requirements for the integrated scanning systems to Hong Kong government officials. Hong Kong officials could then evaluate the integrated scanning systems, the outstanding issues and move closer to agreeing on implementing an official pilot project with the United States. He said his government had organized itself to have this discussion and would welcome it in the near future. The CG responded that he would pass that message to Washington.

16. (SBU) ACTION REQUEST. We understand from the DHS team visiting Hong Kong October 19-20 that thinking has evolved in Washington, pointing to an announcement mid to late November on plans to implement the new legislation. We also understand that Hong Kong is intended to be part of

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Phase I. We need to consult with the government here as soon as possible to both update it on our thinking on the overall approach, and to discuss some of the technical issues involved. Modern Terminals is unlikely to proceed with participation in the pilot absent HKG involvement. Post requests guidance on plans to implement the legislation so that we can brief Wong the week of October 23 and the dispatch of a team from Washington to describe the technical issues and requirements as soon as possible thereafter. Cunningham